



FmHA AN No. 2725 (1951)

January 4, 1993

SUBJECT: Field Office Servicing Options

TO: State Directors

PURPOSE/INTENDED OUTCOME:

The purpose of this administrative notice (AN) is to provide guidelines regarding the establishment of servicing options by State Offices until improved automated system capabilities are put in place to further support these initiatives.

Servicing initiatives for the Automated Multi-Housing Accounting System, such as the Centralized 515 Program, are exempt from this AN.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Recently, several states were given the authority to experiment with different field office structures in order to improve servicing to their borrowers. Some states consolidated the workload of several offices into one "super" office, resulting in a change to the servicing office code for an entire county, which our automated accounting system is designed to accommodate. Others, however, have chosen to split a county office's borrower case portfolio between several county offices or to place the single family housing (SFH) portfolio in one office and the farmer program (FP) portfolio in another. To accommodate these changes, the borrower case number has been changed.

Our accounting system is based on the borrower case number, with the county code within the borrower case number representing the geographic county where the property is located. Implementing servicing initiatives which require the changing of the county code has caused the following reporting and servicing problems: online history prior to the case number change is not available to the new office; additional borrower annual statements are required; Internal Revenue Service reporting and congressional district reporting are inaccurate; and certain acquired property transactions cannot be processed by the new office.

EXPIRATION DATE: September 30, 1993

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-A



Effective immediately, states may not implement any servicing options that require the transfer of individual borrowers to another office or split individual loans by changing the county code in the borrower case number. This action is required to prevent further deterioration of our reporting and accounting capabilities.

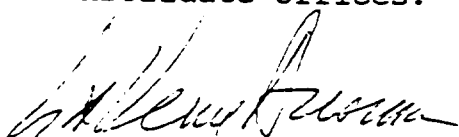
States may, however, continue to establish new servicing offices as a result of closing and consolidating field offices and transfer the entire borrower caseload to a new servicing office. States should continue to follow the procedures outlined in FmHA Instructions 2021-A, Space Policies and Procedures, and should also continue to submit Form FmHA 2021-6, State/District/County Mail Change, to the Finance Office.

This temporary moratorium will remain in effect until the accounting system is modified to accommodate greater flexibility in borrower-based servicing options. We intend to establish a new field at the borrower (client) level so that the servicing office for a particular borrower can be changed without changing any part of the borrower case number. This will allow the splitting of a county office's borrower caseload to several offices and the SFH and FP loan portfolios to be serviced by different county offices, except where the borrower has both SFH and FP loans. In those cases, the entire borrower case number will have to be transferred to either the SFH or FP servicing office since splitting the loans of a single borrower will not be permitted.

When the capabilities are implemented, it will no longer be necessary to change the borrower case number to change the servicing office. Current problems resulting from the change of case number will be eliminated, and the original case number will remain intact, reflecting the geographic location of the borrower property. The proposed changes to the automated system will provide greater flexibility in loan servicing.

The expanded system capabilities are expected to be available in the fall of 1993. We will provide you with further instructions and procedures when the capabilities become available.

Please contact the Finance Office Quality Control Section at 314-539-2492 for advice and help as you continue to close and consolidate offices.


LA VERNE AUSMAN
Administrator